

m/23/007

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

DIVISION OF  
OIL GAS AND MINING

IN RE:

NORTH LILY MINING COMPANY, INC.,  
a Utah corporation,  
EIN: 87-0159350

Debtor.

Case No. 01-23068-EEB

Chapter 11

IN RE:

XERES TINTIC, LLC

EIN: 84-1528808

Debtor.

Bankruptcy No. 01-23069-EEB  
Chapter 11

Jointly Administered Under  
Bankruptcy No. 01-23068-EEB  
Chapter 11

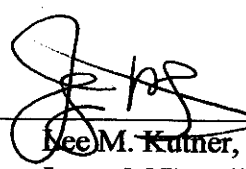
**NOTICE OF FILING OF FIRST AMENDED PLAN OF REORGANIZATION  
DATED JANUARY 4, 2002**

The Debtors, North Lily Mining Company, Inc. and Xeres Tintic, LLC, by and through their attorneys, Kutner Miller Kearns, P.C., herewith submits the filing of their First Amended Plan of Reorganization dated January 4, 2002, a copy of which is attached hereto as Exhibit A.

Dated: February 4, 2002.

Respectfully submitted,

By:

  
Lee M. Kutner, #10966  
Jenny M.F. Fujii, #30091

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# CERTIFICATE OF MAILING

I do hereby certify that on this 4 day of February, 2002, a true and correct copy of the foregoing **NOTICE OF FILING OF FIRST AMENDED PLAN OF REORGANIZATION DATED JANUARY 4, 2002 AND PLAN OF REORGANIZATION DATED JANUARY 4, 2002** was deposited in the United States mail, postage prepaid, addressed to the following:

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UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

|                                  |   |                             |
|----------------------------------|---|-----------------------------|
| IN RE:                           | ) |                             |
|                                  | ) | Case No. 01-23068-EEB       |
| NORTH LILY MINING COMPANY, INC., | ) |                             |
| a Utah corporation,              | ) | Chapter 11                  |
| EIN: 87-0159350                  | ) |                             |
|                                  | ) |                             |
| Debtor.                          | ) |                             |
|                                  | ) |                             |
|                                  | ) |                             |
|                                  | ) |                             |
| IN RE:                           | ) |                             |
|                                  | ) | Bankruptcy No. 01-23069-EEB |
| XERES TINTIC, LLC                | ) | Chapter 11                  |
|                                  | ) |                             |
| EIN: 84-1528808                  | ) |                             |
|                                  | ) |                             |
|                                  | ) | Jointly Administered Under  |
| Debtor.                          | ) | Bankruptcy No. 01-23068-EEB |
|                                  | ) | Chapter 11                  |

**FIRST AMENDED PLAN OF REORGANIZATION DATED JANUARY 4, 2002**

North Lily Mining Company, Inc. and Xeres Tintic, LLC, Debtors and Debtors-in-Possession pursuant to Chapter 11, Title 11 of the United States Code, propose the following First Amended Plan of Reorganization Dated January 4, 2002.

**ARTICLE I**  
**INTRODUCTION**

North Lily Mining Company, Inc. ("North Lily") is a Utah corporation. North Lily is publicly held and has been since the 1920's. North Lily maintains its principal business offices at 1800 Glenarm Place, Suite 210, Denver, Colorado. North Lily's principal business, in the past has consisted of various mining and natural resource exploration and development activities. It's current business consists of ownership,

reclamation and development activities related to it's substantial real property holdings in the State of Utah. North Lily filed for relief under Chapter 11 of the Bankruptcy Code on September 6, 2001.

Xeres Tintic, LLC ("Xeres") is a Colorado limited liability company. Xeres is effectively 95% owned by North Lily and was established in 1998 by North Lily as a holding company for certain of it's real property in Utah. Xeres has no other business activity than holding real property in conjunction with that owned by North Lily. Xeres is dependant upon North Lily for management and other financial transactions.

The North Lily and Xeres cases are being jointly administered by the Court. This Plan is a joint Plan for both companies. While the cases are jointly administered, they are not substantively consolidated and the assets and liabilities of each company are treated separately. North Lily and Xeres are sometimes collectively referred to as "Debtors".

This Plan provides for the reorganization of the Debtors as going concerns under Chapter 11 of the Bankruptcy Code. A more complete history of the Debtors, their operations, an explanation of this Plan and a description of the Debtors' financial condition and future business activity is contained in the Disclosure Statement which accompanies this Plan. Reference should be made to the Disclosure Statement by all creditors and parties who intend to cast a ballot for or against this Plan.

## **ARTICLE II**

### **DEFINITIONS**

2.01 - Allowed Claim shall mean a claim in respect of which a Proof of Claim has been filed with the Court within the applicable time period of limitation fixed by Court Order in this proceeding or scheduled in the list of creditors prepared and filed with the Court pursuant to Bankruptcy Rule 1007(b) and not listed as disputed, contingent or unliquidated as to amount, in either case as to which no timely objection to the allowance thereof has been filed pursuant to Bankruptcy Rules 3001 and 3007 or as to which any such objection has been determined by Order or Judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending.

2.02 - Allowed Secured Claim shall mean an allowed claim secured by a lien, security interest or other charge against or interest in property in which the Debtors have an interest, or which is subject to setoff under Section 553 of the Code, to the extent of the value (determined in accordance with Section 506(a) of the Code) of the interest of the holder of any such allowed claim in the Debtors' interests in such property or to the extent of the amount subject to such setoff as the case may be.

2.03 - Claim shall mean any right to payment, or right to any equitable remedy for breach of performance if such breach gives rise to the right to payment, against the Debtors in existence on or as of the Petition Date, whether or not such right to payment or right to an equitable remedy as reduced to judgment, liquidated, unliquidated, fixed, contingent, natured, unmatured, disputed, undisputed, legal, secured or unsecured.

2.04 - Class shall mean any class into which allowed claims are classified pursuant to Article III.

2.05 - Class NL1 through NL8 and X1 through X6 Claims and Interests shall mean the allowed claims and interests so classified in Article III.

2.06 - Code shall mean the Bankruptcy Code, 11 U.S.C. § 101 et seq. and any amendments thereof.

2.07 - Confirmation Date shall mean the date upon which the Order of confirmation is entered by the Court.

2.08 - Court shall mean the United States Bankruptcy Court for the District of Colorado in which the Debtors' Chapter 11 cases, pursuant to which this Plan is proposed, are pending and any Court having competent jurisdiction to hear appeal or certiorari proceedings therefrom.

2.09 - Debtors shall mean the Debtors who are proposing this Chapter 11 Plan.

2.10 - Disclosure Statement shall mean the Disclosure Statement which is approved by the Court according to 11 U.S.C. § 1125 to be utilized to solicit votes for this Plan.

2.11 - Effective Date of the Plan shall mean the date on which the Plan is confirmed by the Court.

2.12 - Net Proceeds shall mean the proceeds of any real property sale remaining after costs of sale, commissions, closing costs and secured tax and creditor claims encumbering the particular parcel of property being sold are paid in full.

2.13 - North Lily shall mean the corporation which is a Debtor-in-Possession in Bankruptcy Case No. 01-23068-EEB.

2.14 - Order of Confirmation shall mean the Order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code.

2.15 - Petition Date shall mean the date on which the Debtors' orders for relief entered.

2.16 - Plan shall mean this Chapter 11 Plan, as amended in accordance with the terms hereof or modified in accordance with the Code.

2.17 - Pro Rata shall mean with respect to any holder of Plan debt, in the same proportion that the amount of such Plan debt bears to the aggregate amount of the Plan debt.

2.18 - Rules shall mean the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules for the District of Colorado as adopted by the Court.

2.19 - Unclassified Priority Claims shall mean claims pursuant to § 507(a)(1) which are administrative expenses allowed under § 503(b) of the Code and any fees and charges against the estate under Chapter 123 of Title 28 of the United States Code and shall further mean allowed unsecured claims of governmental units to the extent provided for in § 507(a)(8) of the Code.

2.20 - Xeres shall mean the limited liability company which is a Debtor-in-Possession in Bankruptcy Case No. 01-23069-EEB.

### **ARTICLE III**

#### **DESIGNATION OF CLAIMS AND INTERESTS**

The following is a designation of all classes of claims and interests other than those claims of a kind specified in Sections 507(a)(1), 507(a)(2) or 507(a)(8) of the Code.

#### **North Lily**

Class NL1 - All allowed unsecured claims specified in Section 507(a)(3), 507(a)(4) or 507(a)(5) of the Code as having priority.

Class NL2 - The allowed secured claim of The Standard Group/Avalanche Funding, Inc.

Class NL3 - The allowed secured claim of Karen R. Prior.

Class NL4 - The allowed secured claim of JBR Environmental Consultants, Inc.

Class NL5 - The allowed secured claim of Theodore E. Loud.

Class NL6(a) - The allowed secured claim of Utah County Treasurer.

Class NL6(b) - The allowed secured claim of Juab County Treasurer.

Class NL7 - The allowed unsecured claims held by creditors of North Lily.

Class NL8 - The allowed interests of North Lily shareholders.

#### **Xeres**

Class X1 - The allowed secured claim of Old West Annuity and Life Insurance Co.

Class X2 - The allowed secured claim of US Bank.

Class X3 - The allowed secured claim of The Standard Group/Avalanche Funding, LLC.

Class X4 - The allowed secured claim of Utah County Treasurer.

Class X5 - The allowed unsecured claims held by creditors of Xeres.

Class X6 - The allowed interests of Xeres members.

### **ARTICLE IV**

#### **SPECIFICATION AND TREATMENT OF UNCLASSIFIED PRIORITY CLAIMS**

4.1 - The holders of allowed claims of the type specified in Section 507(a)(1) of the Code, costs and expenses of administration, shall receive cash equal to the allowed amount of such claim or a lesser amount as may be acceptable and agreed to by particular holders of such claims. Such claims shall be paid in full on the Effective Date of the Plan. Section 507(a)(1) claims that are allowed by the Court after the Effective Date of the Plan shall be paid within ten (10) days of their allowance.

4.2 - The allowed claims of a type specified in Section 507(a)(8) of the Code, claims of governmental taxing authorities, shall be paid on the Effective Date of the Plan.

4.3 - Any holder of a tax claim of a type specified in Section 507(a)(8) of the Code who is secured by assets of the Debtor by virtue of a statutory lien shall retain their statutory lien position, until the tax claim is paid, following confirmation of the Plan.

4.4 - The Debtors will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the cases are closed, converted, or dismissed. All payments due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date of the Plan, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the cases are closed, converted, or dismissed.

## **ARTICLE V.**

### **SPECIFICATION AND TREATMENT OF CLASS NL1 CLAIMS**

5.1 - The allowed Class NL1 claims shall be paid in full on the Effective Date of the Plan. The Class NL1 claims for certain pre-petition wages and employee claims are more particularly described in Sections 507(a)(3), 507(a)(4), and 507(a)(5) of the Code.

## **ARTICLE VI**

### **SPECIFICATION AND TREATMENT OF SECURED CREDITOR CLAIMS**

6.1 - **The Standard Group/ Avalanche Funding.** Classes NL2 and X3 consist of the allowed secured claims of The Standard Group/ Avalanche Funding. Classes NL2 and X3 are unimpaired by the Plan.

6.2 - **Karen Prior.** Class NL3 consists of the allowed secured claim of Karen Prior. Class NL3 is impaired by the Plan. The Class NL3 claim will be treated under this Plan as follows:

- a. The principal amount of the Class NL3 claim will be allowed in the amount of either \$37,000, an amount to be determined by the Court at the confirmation hearing, or an amount agreed upon by the Debtor and the Class NL3 claimant on or before the Confirmation Date. Pursuant to 11 U.S.C. § 506, the claim is secured up to the value of the collateral for the claim and unsecured for the



balance. That portion of the claim which is unsecured shall be treated as a Class NL7 claim.

- b. The Class NL3 claim will bear interest at the rate of: (i) 7% per annum commencing on the Effective Date of the Plan; or (ii) if the Class NL3 claimant objects to such rate in writing and serves a copy of such objection on the Debtor at least fifteen (15) days prior to the commencement of the confirmation hearing, such rate will be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class NL3 claimant. The Class NL3 claim will be paid in full on the earlier of either the date on which the land securing the NL3 claim is sold or eighteen months following the Effective Date of the Plan.
- c. The Class NL3 claimant will retain all liens that secured its claim as of the petition date.

**6.3 - JBR Environmental.** Class NL4 consists of the allowed secured claim of JBR Environmental. Class NL4 is impaired by the Plan. The Class NL4 claim will be treated under this Plan as follows:

- a. The principal amount of the Class NL4 claim will be allowed in the amount of either \$66,944, an amount to be determined by the Court at the confirmation hearing, or an amount agreed upon by the Debtor and the Class NL4 claimant on or before the Confirmation Date. Pursuant to 11 U.S.C. §506, the claim is secured up to the value of the collateral for the claim and unsecured for the balance. That portion of the claim which is unsecured shall be treated as a Class NL7 claim.
- b. The Class NL4 claim will bear interest at the rate of: (i) 7% per annum commencing on the Effective Date of the Plan; or (ii) if the Class NL4 claimant objects to such rate in writing and serves a copy of such objection on the Debtor at least fifteen (15) days prior to the commencement of the confirmation hearing,

such rate will be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class NL4 claimant. The Class NL4 claim will be paid in full on the earlier of either the date on which the land securing the NL4 claim is sold or eighteen months following the Effective Date of the Plan.

- c. The Class NL4 claimant will retain all liens that secured its claim as of the petition date.

**6.4 - Theodore Loud.** Class NL5 consists of the allowed secured claim of Theodore Loud. Class NL5 is impaired by the Plan. The Class NL5 claim will be treated under this Plan as follows:

- a. The principal amount of the Class NL5 claim will be allowed in the amount of either \$15,000 or an amount to be determined by the Court at the confirmation hearing, or an amount agreed upon by the Debtor and the Class NL5 claimant on or before the Confirmation Date. Pursuant to 11 U.S.C. §506, the claim is secured up to the value of the collateral for the claim and unsecured for the balance. That portion of the claim which is unsecured shall be treated as a Class NL7 claim.
- b. The Class NL5 claim will bear interest at the rate of: (i) 7% per annum commencing on the Effective Date of the Plan; or (ii) if the Class NL5 claimant objects to such rate in writing and serves a copy of such objection on the Debtor at least fifteen (15) days prior to the commencement of the confirmation hearing, such rate will be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class NL5 claimant. The Class NL5 claim will be paid in full on the earlier of either the date on which the land securing the NL5 claim is sold or eighteen months following the Effective Date of the Plan.
- c. The Class NL5 claimant will retain all liens that secured its claim as of the petition date.

**6.5 - Utah and Juab County Treasurers.** Class NL6(a) and (b) consist of the allowed secured claims of the Utah and Juab County Treasurers. Classes NL6(a) and (b) are impaired by the Plan. The Class NL6(a) and (b) claims will be treated under this Plan as follows:

- a. The principal amount of the Class NL6(a) and (b) claims will be allowed in the amount due on the Effective Date of the Plan in accordance with applicable Utah law.
- b. The Class NL6(a) and (b) claims will bear interest at the rate of: (i) 6% per annum commencing on the Effective Date of the Plan; or (ii) if the Class NL6(a) and (b) claimants object to such rate in writing and serves a copy of such objection on the Debtor at least fifteen (15) days prior to the commencement of the confirmation hearing, such rate will be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class NL6(a) and (b) claimants. The Class NL6(a) and (b) claims will be paid in full on the earlier of either the day the real property securing the claims is sold or two years from the Effective Date of the Plan.
- c. The Class NL6(a) and (b) claimants will retain all liens that secured the claim as of the petition date.

**6.6 - Old West.** Class X1 consists of the allowed secured claim of Old West. Class X1 is impaired by the Plan. The Class X1 claim will be treated under this Plan as follows:

- a. The principal amount of the Class X1 claim will be allowed in the amount of the claim amount filed by the class X1 claimant, or an amount to be determined by the Court at the confirmation hearing, or an amount agreed upon by the Debtor and the Class X1 claimant on or before the Confirmation Date. Pursuant to 11 U.S.C. §506, the claim is secured up to the value of the collateral for the claim and unsecured for the balance. That portion of the claim which is unsecured shall be treated as a Class X5 claim.

- b. The Class X1 claim will bear interest at the rate of: (i) 7% per annum commencing on the Effective Date of the Plan; or (ii) if the Class X1 claimant objects to such rate in writing and serves a copy of such objection on the Debtor at least fifteen (15) days prior to the commencement of the confirmation hearing, such rate will be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class X1 claimant. The Class X1 claim will be paid in full on the earlier of either the date on which the land securing the X1 claim is sold or eighteen months following the Effective Date of the Plan. The X1 claim may be prepaid at any time without premium or penalty. The X1 claimant shall provide the Debtor with partial releases of its mortgage or trust deed as individual parcels of property which secure the claim are sold provided that the individual release prices for each parcel which serves as collateral shall be determined in accordance with the loan documents which evidence the X1 claim, except to the extent modified herein.
- c. The Class X1 claimant will retain all liens that secured its claim as of the petition date.

**6.7 - US Bank.** Class X2 consists of the allowed secured claim of US Bank. Class X2 is impaired by the Plan. The Class X2 claim will be treated under this Plan as follows:

- a. The principal amount of the Class X2 claim will be allowed in the amount of the claim amount filed by the class X2 claimant or an amount to be determined by the Court at the confirmation hearing, or an amount agreed upon by the Debtor and the Class X2 claimant on or before the Confirmation Date. Pursuant to 11 U.S.C. §506, the claim is secured up to the value of the collateral for the claim and unsecured for the balance. That portion of the claim which is unsecured shall be treated as a Class X5 claim.
- b. The Class X2 claim will bear interest at the rate of: (i) 7% per annum commencing on the Effective Date of the Plan; or (ii) if the Class X2 claimant objects to such

rate in writing and serves a copy of such objection on the Debtor at least fifteen (15) days prior to the commencement of the confirmation hearing, such rate will be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class X2 claimant. The Class X2 claim will be paid in full on the earlier of either the date on which the land securing the X2 claim is sold or eighteen months following the Effective Date of the Plan. The X1 claim may be prepaid at any time without premium or penalty.

- c. The Class X2 claimant will retain all liens that secured its claim as of the petition date.

**6.8 - Utah County Treasurer.** Class X4 consists of the allowed secured claim of the Utah County Treasurer. Class X4 is impaired by the Plan. The Class X4 claim will be treated under this Plan as follows:

- a. The principal amount of the Class X4 claim will be allowed in the amount due on the Effective Date of the Plan in accordance with applicable Utah law.
- b. The Class X4 claim will bear interest at the rate of: (i) 6% per annum commencing on the Effective Date of the Plan; or (ii) if the Class X4 claimant objects to such rate in writing and serves a copy of such objection on the Debtor at least fifteen (15) days prior to the commencement of the confirmation hearing, such rate will be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class X4 claimant. The Class X4 claims will be paid in full on the earlier of either the day the real property securing the claims is sold or two years from the Effective Date of the Plan.
- c. The Class X4 claimant will retain all liens that secured its claim as of the petition date.

## **ARTICLE VII**

### **SPECIFICATION AND TREATMENT OF UNSECURED CREDITOR CLAIMS**

7.1 - Classes NL7 and X5 consist of those creditors who hold allowed unsecured claims. Classes NL7 and X5 are impaired under the Plan. Each Class NL7 and X5 creditor will have the option to select one of three alternative treatments under the Plan. The election of treatment shall be made on the Ballot used for voting on the Plan. The options are as follows:

#### **Option One-**

7.2 - Each Class NL7 and X5 claimant shall have the option of converting their claim to stock in the reorganized North Lily. New shares of stock in North Lily shall be issued after the Effective Date of the Plan. The shares will be issued on a dollar for dollar basis (one share of stock for each dollar of allowed claim) to those Class NL7 and X5 claimants who have notified the Debtors, in writing, prior to the confirmation hearing that they would like to have shares of stock issued to them on account of their claims. Each electing claimant who requests stock will have their claim satisfied with stock and will not receive any cash distribution.

#### **Option Two-**

7.3 - Each Class NL7 and X5 claimant shall have the option of receiving cash on account of their claim. Each electing claimant shall receive \$.35 on account of each dollar of allowed claim. Payment will be made from 50% of the Net Proceeds of each parcel of real property sold by the Debtor. The 50% of Net Proceeds payment will be made to electing claimants on a pro-rata basis until each such claimant has received payment of thirty five percent of their allowed claim. Notwithstanding the foregoing, each electing claimant will be paid their thirty five percent payment to satisfy their claim no later than two years following the Effective Date of the Plan.

#### **Option Three-**

7.4 - Option three is a combination of Options One and Two. Each Class NL7 and X5 claimant shall have the option of receiving a combination of cash and stock in the reorganized North Lily. Each

electing claimant shall receive \$.20 on account of each dollar of allowed claim. Payment will be made from 50% of the Net Proceeds of each parcel of real property sold by the Debtor. The 50% of Net Proceeds payment will be made to electing claimants on a pro-rata basis until each such claimant has received payment of twenty percent of their allowed claim. Notwithstanding the foregoing, each electing claimant will be paid their twenty percent payment to satisfy their claim no later than two years following the Effective Date of the Plan. This payment will satisfy 20% of each creditors' allowed claim. In addition to cash, each electing claimant shall receive stock in satisfaction of the remaining 80% of each claim. New shares of stock in North Lily shall be issued after the Effective Date of the Plan. The shares will be issued on a dollar for dollar basis (one share of stock for each dollar of remaining allowed claim) to those Class NL7 and X5 claimants who have elected Option Three. Each electing claimant who chooses Option Three will have their claim satisfied with stock satisfying eighty percent of their claim and a twenty percent cash distribution as described above. For example, a general unsecured creditor with an allowed claim of one hundred dollars who chooses Option Three shall receive \$20 and eighty shares of stock.

## **ARTICLE VIII**

### **SPECIFICATION AND TREATMENT OF INTERESTS**

8.1 - Class X6 includes the allowed interests held by the preconfirmation members of Xeres. Class X6 is unimpaired by this Plan.

8.2 - Class NL8 includes the allowed interests held by the preconfirmation shareholders of North Lily. Class NL8 is impaired by this Plan. On the Effective Date of the Plan, the outstanding shares of stock held by each shareholder of record shall be reduced by 90%. The result will be a 10 for 1 reverse split of North Lily's outstanding shares of common stock. In the event that the reverse split results in a shareholder who would own less than 100 shares, an odd lot, the shareholder will have the right to purchase additional shares at a price determined by North Lily on the Confirmation Date, sufficient to provide the shareholder with 100 shares. In the event the shareholder does not purchase additional shares, all of the shareholder's outstanding shares shall be cancelled.

**ARTICLE IX**  
**MEANS FOR THE PLAN'S EXECUTION**

**9.1 - Operation of Business.** The Debtors will remain in their existing business following confirmation of the Plan. The business consists of but will not be limited to development and sale of real property holdings, possible development of clay deposits, reclamation activities, entry into mining leases or joint ventures and easements with respect to real property holdings. North Lily is exploring additional business opportunities that come to the attention of management with a view toward entering into new business ventures or taking advantage of corporate opportunities with the goal of maximizing value for creditors and shareholders.

9.1.2 - The Debtors are assuming pursuant to this Plan, their Letter of Agreement dated on or about August 28, 2001 with The Standard Group, LLC ("TSG"). This Agreement was previously approved during the course of the Chapter 11 case. Pursuant to the Agreement, TSG has a nine month option to acquire all or part of the Debtors' real property. In the event that TSG does not exercise sufficient options to allow the Debtor to pay off all secured and unsecured debt to the extent provided in this Plan, following expiration of the option, the Debtors will either sell or refinance the remaining real property to the extent necessary to satisfy their obligations under the Plan.

**9.2 - Issuance of New Shares of Stock.** On the Effective Date of the Plan, the Debtor shall issue new shares of its common stock to those Class NL7 and X5 creditors who have elected to receive stock on account of their claims.

9.2.1 - Each secured creditor or administrative expense claimant shall be given the option to elect to receive stock in North Lily at the rate of two shares of stock for each dollar of allowed claim in lieu of all or part of the treatment set forth in Articles IV and VI. Election shall be made at the time creditors vote on the Plan. Each electing secured creditor must release their lien and secured claim at the time their stock is issued.

**9.3 - Cancellation of Outstanding Stock Options.** On the Effective Date of the Plan, all outstanding stock options and warrants shall be cancelled or rejected as executory contracts and of no



further force or effect. Cancellation or rejection of the stock options and warrants shall occur pursuant to Paragraph 10.2 of this Plan.

**9.4 - Disputed Claim Procedure.** Distributions to any class of creditor will only be made on account of Allowed Claims. In the event that distributions are made at a time that a claim objection is pending before the Court or a judgment has entered to establish a claim and the judgment is on appeal or subject to a certiorari proceeding, the portion of the distribution that would be paid to the disputed claimant will be held by the Debtors in an interest bearing Bank account until the claim is allowed or disallowed. If allowed, the claim will be paid its appropriate share of the withheld payment with interest. If disallowed, the withheld distribution will be paid on a pro rata basis to the remaining allowed claimants.

**9.5 - Final Decree.** The Debtor will request entry of a final decree closing the case on or before the later of the date all claim objections and any pending litigation is concluded or 180 days after the Effective Date of the Plan.

**9.6 - Claims and Litigation.** All claim objections and avoidance actions in the case must be filed no later than 120 days following the Effective Date of the Plan.

**9.6.1 -** The Debtors will examine all claims and claim objections which they hold against third parties. In the event the Debtors and counsel believe that pursuit of such claims or claim objections are meritorious and that the cost of such pursuit is justified by the reasonably expected recovery or claim reduction, the Debtors will pursue the claim or claim objection. The Debtors will have the right to settle or discontinue such litigation at any time following the Effective Date of the Plan without notice to creditors or shareholders.

**9.7 - Administrative Expense Bar Date.** All applications for allowance and payment of administrative expenses, including professional fees, must be filed within 45 days following the Effective Date of the Plan.

## **ARTICLE X**

### **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

10.1 - The Debtors hereby assume those executory contracts and unexpired leases listed in Exhibit A attached hereto and incorporated herein by reference which have not been assumed by prior Order of the Court prior to the date of confirmation. On the date of the entry of an Order confirming the Plan, the Debtors shall be the holders of all right, title and interest to the assumed leases and contracts and such assumed leases and contracts shall be in full effect and binding upon the Debtors and the respective lessees. Confirmation of the Plan shall constitute a determination that the payments to be made to said creditors pursuant to the Plan satisfy all conditions precedent to assumption set forth in 11 U.S.C. §365(b).

10.2 - On the Effective Date of the Plan, the Debtors will reject all executory contracts and unexpired leases to which they are a party which are listed in Exhibit B, attached hereto and incorporated herein by reference which have not been rejected by prior Order of the Bankruptcy Court prior to the date of confirmation. Executory contracts and unexpired leases will be rejected pursuant to the provisions of 11 U.S.C. §365.

10.3 - An Order confirming this Plan constitutes approval by the Court of the assumption or rejection of the executory contracts and unexpired leases described herein in accordance with the provisions of 11 U.S.C. §365 and the Rules.

10.4 - All Proofs of Claim for claims arising from the rejection of executory contracts or unexpired leases on or after the Confirmation Date must be filed within twenty (20) days of the date the Order for rejection is entered or such claims will be forever barred and will be unenforceable against the Debtors, their successors and assigns.

## **ARTICLE XI**

### **MISCELLANEOUS PROVISIONS**

#### **11.1 Revestment**

On the Effective Date of the Plan, all property of the estate will vest in the Debtors free and clear of all liens except those specifically set forth in the Plan.

### 11.2 Retention of Jurisdiction

Notwithstanding confirmation of the Plan, the Court shall retain jurisdiction for the following purposes:

1. Determination of the allowability of claims upon objection to such claims by the Debtors-in-Possession, or by any other party in interest;
2. Determination of the request for payment of claims entitled to priority under 11 U.S.C. § 507(a)(1), including compensation of the parties entitled thereto;
3. Resolution of any disputes regarding interpretation of the Plan;
4. Implementation of the provisions of the Plan and entry of orders in aid of consummation of the Plan, including without limitation, appropriate orders to protect the revested Debtors from action by creditors;
5. Modification of the Plan pursuant to 11 U.S.C. § 1127;
6. Adjudication of any causes of action, including avoiding powers actions, brought by the Debtors-in-Possession, by the representative of the estate or by a Trustee appointed pursuant to the Code;
7. Adjudication of any cause of action brought by the Debtors-in-Possession, by the representative of the estate, or by a Trustee appointed pursuant to the Code, or the revested Debtors exercising rights and powers as provided in 11 U.S.C. §§ 542-549. This section shall not be construed to limit any other power or right which the Debtors or their successors may possess under any section of the Code; and
8. Entry of a final decree.

### 11.3 Satisfaction of Claims.

The confirmation of this Plan shall constitute a discharge of the Debtors from all dischargeable debts in accordance with 11 U.S.C. § 1141(d). Confirmation of the Plan shall constitute a modification of any note or obligation for which specification and treatment is provided under the Plan as set forth in the Plan. Any obligation or note, previously in default, so modified, shall be cured as of the

Confirmation Date. This provision shall be operable regardless of whether the Plan provides for any obligation to be evidenced by a rewritten loan or security document following confirmation of the Plan.

11.4 Headings

The headings used in the Plan are for convenience of reference only and shall not limit or in any manner affect the meaning or interpretation of the Plan.

11.5 Severability

In the event a Court of competent jurisdiction determines that any provision in the Plan is unenforceable for any reason, the determination shall not affect the enforceability of any other provision of the Plan.

11.6 Notices

All notices, requests, demands, or other communications required or permitted in this Plan must be given in writing to the party(ies) to be notified. All communications will be deemed delivered when received at the following addresses:

a. To the Debtors at: 1800 Glenarm Place  
Suite 210  
Denver, CO 80210

With a copy to: Lee M. Kutner, Esq.  
Kutner Miller Kearns, P.C.  
303 East 17th Avenue, Suite 500  
Denver, CO 80203  
Email: lmk@kutnerlaw.com

b. To an allowed claimant, at the addresses set forth in the allowed Proof of Claim, if filed, other, at the address set forth for the claimant in the Debtor's Schedules filed with the Court.

11.7 Successors and Assigns

The Plan will be binding upon the Debtors, any creditor affected by the Plan, and their heirs, successors, assigns and legal representatives.

11.8 Unclaimed Payments

If a person or entity entitled to receive a payment or distribution pursuant to this Plan fails to negotiate a check, accept a distribution or leave a forwarding address in the event notice cannot be provided as set forth in paragraph 11.6, within one (1) year of the Effective Date of the Plan, the person or entity is deemed to have released Vector and abandoned any right to payment or distribution under the Plan.

11.9 Termination of Committees

On the Effective Date of the Plan, any Committee which may have been appointed in the bankruptcy case shall terminate.

11.10 Liability

Except as set forth in this Plan, neither the Debtors, any Committee appointed nor any of their agents, managers, representatives, attorneys, accountants or advisors shall have or incur any liability for any past, present or future actions taken or omitted to be taken under, in connection with, related to, affecting or arising out of the bankruptcy case or this Plan except for claims based on gross negligence or willful misconduct.

**ARTICLE XII**

**CONFIRMATION REQUEST**

12.1 - The Debtors, as proponents of the Plan, request confirmation of the Plan pursuant to 11 U.S.C. §1129. The Debtors will solicit acceptance of the Plan after a Disclosure Statement has been approved by the Court and is transmitted to the creditors, interest holders and parties in interest. In the event the Debtors do not obtain the necessary acceptances of the Plan, they may make application to the Court for confirmation of the Plan pursuant to 11 U.S.C. §1129(b). The Court may confirm the Plan if it does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired and has not voted to accept the Plan.

DATED: February \_\_, 2002

NORTH LILY MINING COMPANY, INC.

By: \_\_\_\_\_  
Stephen Flechner, President

XERES TINTIC, LLC

By: \_\_\_\_\_  
Gene Webb, Manager

Lee M. Kutner, Esq.  
Kutner Miller Kearns, P.C.  
303 East 17th Avenue, Suite 500  
Denver, CO 80203  
Telephone: (303) 832-2400

ATTORNEYS FOR THE DEBTORS AND  
DEBTORS-IN-POSSESSION

**EXHIBIT A**

Executory Contracts and Unexpired Leases Assumed

1. To be determined.

**EXHIBIT B**

Executory Contracts and Unexpired Leases Rejected

1. To be determined.